

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT ID NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 3, 2018/2019**

### **BAC1044 – PRINCIPLES OF ACCOUNTING**

(All Sections/ Groups)

29 MAY 2019

9:00 A.M – 11:00 A.M

(2 Hours)

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#### **INSTRUCTIONS TO STUDENT**

1. This question paper consists of 6 pages with 4 questions.
2. Answer ALL questions.
3. Write your answers in the answer booklet provided.

**QUESTION 1****Part A**

Listed below are the transactions for Rosenberg Enterprise:

1. Made cash investment to start the business.
2. Paid for monthly advertising.
3. Purchased supplies on account.
4. Billed customers for services performed.
5. Paid cash dividends.
6. Received cash from customers billed in (4).
7. Incurred utilities expense on account.
8. Purchased office equipment for cash.
9. Paid cash for salary expense.
10. Paid utilities expense on account in (7).

**Required:**

List the account's name for each transaction above. For example: (1) Cash, Capital.

(10 marks)

**Part B**

Selected transactions for Photobook Worldwide Enterprise in its first month of business, are as follows:

|        |  |
|--------|--|
| June 1 | Issued ordinary shares in exchange for RM180,000 cash.   |
| 5      | Purchased three photobook printing machines for RM400,000 by paying RM100,000 cash and signing a 5-year, 10% note for the remainder. |
| 8      | Purchased RM10,000 office supplies on credit.  |
| 10     | Earned photobook revenue amounted to RM14,000 by cash.   |
| 13     | Paid RM6,000 cash for advertising.   |
| 17     | Paid RM2,400 cash for office supplies purchased in January 8.  |
| 20     | Paid cash dividends of RM30,000 to the shareholders.   |
| 25     | Paid RM2,400 cash for rental expenses.   |
| 28     | Received RM4,000 cash in advance from a customer for future photobook printing services.   |
| 29     | Billed a customer for RM900 for photobook work done.   |

**Required:**

Prepare journal entries for the transactions above.

(10 marks)

Continued...

**Part C**

Presented below is a list of costs and expenses incurred in the factory by Amber Gemstone Berhad, a manufacturer of amber stones.

1. Property taxes on the factory land
2. Polish liquid used in cleaning amber stones
3. Stone maker's wages
4. Factory supervisors' salaries
5. Selecting grade of amber stones to be used in production
6. Depreciation on factory machines
7. Factory utilities
8. Rose gold plated materials to produce amber jewelleryes
9. Property taxes on the factory building
10. Insurance on factory equipment

**Required:**

Identify whether each of the above items is classified as a direct material, direct labour or manufacturing overhead. (5 marks)

**[TOTAL 25 MARKS]**

**QUESTION 2****Part A**

Given below is the Trial Balance for Phalaenopsis Berhad as at 31 December 2018.

| Phalaenopsis Berhad<br>Trial Balance<br>31 December 2018 |            |             |
|--|------------|-------------|
| Account Title  | Debit (RM) | Credit (RM) |
| Cash   | 757,400    |             |
| Accounts Receivable                                      | 332,900    |             |
| Supplies   | 130,000    |             |
| Prepaid Insurance  | 296,000    |             |
| Office Equipment   | 100,000    |             |
| Accumulated Depreciation – Office Equipment              |            | 5,000       |
| Office Car   | 250,000    |             |
| Accumulated Depreciation – Office Car                    |            | 25,000      |
| Accounts Payable   |            | 234,900     |
| Unearned Service Revenue                                 |            | 333,400     |
| Ordinary Share Capital                                   |            | 900,000     |
| Retained Earnings (1 January)                            |            | 250,000     |

**Continued...**

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Service Revenue            |                  | 290,700          |
| Salaries and Wages Expense | 58,800           |                  |
| Rent Expense               | 86,700           |                  |
| Utilities Expense          | 27,200           |                  |
| <b>Total</b>               | <b>2,039,000</b> | <b>2,039,000</b> |

Additional information:

1. A count of supplies as at 31 December 2018 indicated that supplies of RM50,000 has been used.
2. Insurance expired at RM4,800 per year.
3. The company noticed that RM42,000 of unearned service revenue has been earned as at 31 December 2018.
4. Depreciation for the year to be computed as follows:
  - a. Office equipment is 5% using straight line method.
  - b. Office car is 10% using straight line method.

**Required:**

- (a) Prepare the Adjusted Trial Balance for the accounting period. (10 marks)
  - (b) Prepare the Statement of Profit or Loss for the accounting period. (5 marks)
- Show all your workings.

**Part B**

Listed below is the list of account balances for Fern Forest Berhad at the end of year 2017 & 2018.

| Accounts                                    | 31 Dec 2018<br>(RM) | 31 Dec 2017<br>(RM) |
|---|---------------------|---------------------|
| Cash  | 66,000              | 20,000              |
| Accounts Receivable                         | 36,000              | 28,000              |
| Inventories                                 | 50,000              | 36,000              |
| Prepaid Insurance                           | 12,000              | 18,000              |
| Office Equipment                            | 120,000             | 64,000              |
| Accumulated Depreciation – Office Equipment | 40,000              | 28,000              |
| Long-term Investments                       | 0                   | 36,000              |
| Ordinary Share Capital                      | 80,000              | 46,000              |
| Retained Earnings                           | 56,000              | 20,000              |
| Bonds Payable                               | 74,000              | 94,000              |
| Accounts Payable                            | 34,000              | 14,000              |

Continued...

**Additional information:**

1. Sales and expenses for the year ending 31 December 2018 were RM240,000 and RM174,000 respectively.
2. The company sold the long-term investments for RM28,000.
3. Dividends were declared and paid during the year for RM30,000 by cash.

**Required:**

Prepare a statement of cash flows for the year ended 31 December 2018 using the indirect method. Show all your workings. (10 marks)

**[TOTAL 25 MARKS]**

**QUESTION 3****Part A**

Given below are selected account balances of Galae Manufacturing Berhad for the year 2018:

|                              | 1 January 2018 | 31 December 2018 |
|------------------------------|----------------|------------------|
|                              | RM             | RM               |
| Finished Goods Inventory     | 30,000         | 34,000           |
| Work in Process Inventory    | 44,000         | 42,000           |
| Raw Materials Inventory      | 26,000         | 38,000           |
| Sales                        |                | 760,000          |
| Direct Factory Labour        |                | 86,000           |
| Factory Supervisory Salaries |                | 34,000           |
| Income Tax Expense           |                | 64,000           |
| Factory Insurance            |                | 36,000           |
| Raw Material Purchases       |                | 186,000          |
| Administrative Expenses      |                | 24,000           |
| Sales Returns and Allowances |                | 6,000            |
| Factory Depreciation         |                | 16,000           |
| Indirect Factory Labour      |                | 28,000           |
| Selling Expenses             |                | 88,000           |

**Required:**

- (a) Prepare a Schedule of Cost of Goods Manufactured for the accounting period. (10 marks)
- (b) Compute cost of goods sold for the accounting period. (3 marks)
- (c) Compute net profit for the accounting period. (6 marks)

**Continued...**

**Part B**

For each item listed below, indicate whether the item would be considered a product cost or a period cost for a manufacturing company.

|                                 |                            |
|---------------------------------|----------------------------|
| 1. Factory supervisory salaries | 4. Office salaries expense |
| 2. Indirect materials used      | 5. Sales manager's salary  |
| 3. Indirect labor               | 6. Factory wages expense   |

(6 marks)

**[TOTAL 25 MARKS]****QUESTION 4****Part A**

A comparative Statement of Financial Position for Singha Berhad appears below.

| <b>Singha Berhad</b>                                     |                      |                      |
|--|----------------------|----------------------|
| <b>Statement of Financial Position as at 31 December</b> |                      |                      |
|  | <b>2018<br/>(RM)</b> | <b>2017<br/>(RM)</b> |
| <b>Assets</b>  |                      |                      |
| Current Assets   | 320,000              | 328,000              |
| Property, Plant and Equipment (net)                      | 400,000              | 382,000              |
| Intangible Assets  | 250,000              | 280,000              |
| <b>Total Assets</b>                                      | <b>970,000</b>       | <b>990,000</b>       |
|  |                      |                      |
| <b>Liabilities</b>                                       |                      |                      |
| Current Liabilities                                      | 261,000              | 275,400              |
| Long-term Liabilities                                    | 480,000              | 494,000              |
| <b>Stockholders' Equity</b>                              | <b>229,000</b>       | <b>220,600</b>       |
| <b>Total Liabilities and Stockholders' Equity</b>        | <b>970,000</b>       | <b>990,000</b>       |

**Required:**

- (a) Prepare a horizontal analysis by using 2017 data as a base. (8 marks)
- (b) Compute current ratio for both years. (2 marks)

**Continued...**

**Part B**

Coastal Sugar Factory gathered the following information on power costs and factory machine usage for the last six months:

| Month    | Power Cost<br>(RM) | Factory Machine Hours<br>(RM) |
|----------|--------------------|-------------------------------|
| January  | 24,400             | 13,900                        |
| February | 30,400             | 17,600                        |
| March    | 29,000             | 16,800                        |
| April    | 22,340             | 13,200                        |
| May      | 19,900             | 11,600                        |
| June     | 16,900             | 8,600                         |

**Required:**

Using the high-low method of analyzing costs, answer the following questions and show computations to support your answers.

- (a) What is the estimated variable portion of power costs per factory machine hour?  
(5 marks)
- (b) What is the estimated fixed power cost each month?  
(6 marks)
- (c) If it is estimated that 10,000 factory machine hours will be run in July, what is the expected total power cost for July?  
(4 marks)

**[TOTAL 25 MARKS]**

**End of page.**